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Oslo, 15.03.2017

STATKRAFT INNSPILL TIL OEDs HØRING PÅ "VINTERPAKKEN - HØRING AV REGELVERKSFORSLAG FRA EUROPAKOMMISSJONEN"

Vi viser til departementets høringsbrev 16/3757 som ble lagt fram den 19. desember 2016¹. I dette brevet presenteres Statkraft sine synspunkter på «vinterpakken» («Clean Energy for All Europeans») som ble lansert av Europakommisjonen 30. november 2016.

De europeiske energimarkedene er i sterk endring. Statkraft er Europas største fornybarprodusent og produserte totalt 66TWh i 2016. Hoveddelen av vår virksomhet er norsk regulerbar vannkraft. Gjennom å påvirke både kraftbalansen og priser i de Europeiske og nordiske kraftmarkedene i lang tid framover, kan «vinterpakken» få stor betydning for verdien av norsk vannkraft de neste tiårene. Vårt høringssvar nedenfor er gjengitt på engelsk og følger departementets inndeling (på norsk):

Statkraft welcomes the European Commission's proposals in the "Clean Energy for all Europeans" package. Overall, Statkraft believes this package will bring the European energy markets a significant step forward towards further integration. We support the overall intentions of the package to strengthen the well-functioning of the power markets. However, we find that the current proposals also include some regulatory inefficiencies and exemptions to the above principles which can distort the functioning of the power and carbon markets and take us further away from the overall intentions of the package.

1. Markedsregelverket m.m.

Power prices to truly reflect scarcity situations

Statkraft supports the aims to remove price caps, to allow for scarcity prices up to the value of lost load (VoLL) and the efforts to expose final consumers to dynamic prices in combination with the roll-out of smart meters. In order to make the European energy markets work efficiently, the expected real-time value of energy should be the basis of the price signals that all market participants face. To that end it is necessary that the real-time price (or imbalance price) is uncapped and be set at the value of lost load in case of actual physical scarcity. Market participants will then be exposed to this imbalance price risk and will have an incentive to balance their position in the market, thereby reducing the need for interventions by the TSOs. [Art. 5, 9, 10, EI. Market Regulation.]

Clear division between ownership of grid and ownership of storage without exemptions

Statkraft welcomes the clarification of the role of DSOs and TSOs as neutral market facilitators, not allowed to own and operate storage and the focus on improved cooperation between TSOs and

¹ <https://www.regjeringen.no/no/dokumenter/vinterpakken----horing-av-regelverksforslag-fra-europakommisjonen/id2524840/>

DSOs. However, the proposal states that under certain conditions an exemption can be given to TSOs and DSOs to own storage contrary to the above-mentioned principle. Storage owned by DSOs/TSOs may not be used in the market and thus the asset cannot be exploited optimally. These exemptions should therefore be removed. [Art. 36 and 54, El. Market Directive.]

TSOs to maximize cross-border capacities and network tariffs to be harmonised

Statkraft supports the proposal in Art 14 (El. Market Reg.) that states that the TSOs are not allowed to limit cross-border capacity caused by internal bottlenecks or loop flows. To ensure that allocation across different time frames is done optimally, including the treatment of intraday capacity; we propose an addition to Art 15 that clarifies that TSOs shall allocate available cross-zonal capacity across all timeframes without preferential treatment of any time frame.

We support the intention to further harmonize grid tariffs in order to establish a level playing field for generators across the internal market. [Art. 14-16, El. Market Reg.]

Flexibility should not be an objective in itself

Larger volumes of intermittent renewables require higher degrees of flexibility in the electricity system in order to stabilize the grid. However, increasing flexibility and promoting demand side response should not be policy goals in themselves [ref. Art. 1, 3 of El Market Dir.] They are means to achieve a well-functioning energy system.

We believe efficient and well-functioning markets will best solve the flexibility challenge. Free formation of electricity prices and competition between market participants will in turn properly incentivize demand response and stimulate flexibility. Consequently, Statkraft is of the view that the proposed preferential treatment of independent aggregators as a way to deploy demand-side response should be removed. In our view, independent aggregators should be on a level-playing field with other participants in the market. As for any other transaction in the market, the commercial terms between customer, supplier and aggregator should be freely negotiable.

The current end user pricing of electricity favours electricity generated “behind the meter” (in-house) over electricity generated and supplied directly to the grid. This results in fewer actors paying taxes and covering grid costs. Moreover, it results in welfare losses as efficient plants (e.g. CCGT) are being replaced by inefficient plants (e.g. gas engines). This development may even be enlarged through the specific regulations on Local Energy Communities. Final consumers should indeed not be hindered in becoming active consumers or prosumers. However, if taxes or levies are being charged on electricity consumption, then consumers should not be able to avoid paying such taxes by investing in in-house generation or storage. [Art.1-4, 13, 15-17 El Market Dir., Art. 4, El Market Reg., Art.21-22, RES Directive.]

2. EUs 2030-mål for fornybar energi og energieffektivisering

Electrification of the non-ETS sectors is a key solution to decarbonizing the transport, heating and cooling sectors in Europe. The European Commission 2050 Roadmap emphasises that electricity will play a central role in the low carbon economy. The Commission also stresses that “linking heating and cooling with electricity networks will reduce the cost of the energy system – to the benefit of consumers.”²

However, the current proposal goes against these intentions. Electrification of non-ETS sectors is being disfavoured. When calculating total energy use at end-user level, the electricity consumption is multiplied by a conversion factor. The proposed primary energy factor (PEF) of 2.0 incentivises cutting electricity consumption rather than saving fossil fuels, as cutting electricity with this factor will be much more productive in order to reach an energy efficiency target. Electrification of transportation and heating are examples of desired development that may be hindered or postponed due to this factor. If a PEF-factor is still used, it should be corrected to properly take renewables into account. It is in addition important to allow for national flexibility in defining a national PEF-factor. [Annex IV, Energy Efficiency Directive.]

² 2050 Roadmap: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0112&from=EN> , EU strategy on Heating&Cooling: https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v14.pdf

3. Styringssystemet for energiunionen

Overlapping policies with the EU ETS should lead to adjusted supply of allowances

We continue to call for a strong EU ETS as the cornerstone of the EU's energy and climate policy. We are concerned that the EU ETS will be further weakened by the Clean Energy package. The current proposal allows for continued support of mature RES, the energy efficiency target becomes binding and increases to 30%, and overlapping policies and regulations in the ETS sectors continue. This will result in reduced demand for EUA allowances, depressing the CO₂ prices further, unless supply is adjusted for. Statkraft calls for adding provisions in the ETS Directive and the Governance Regulation to assess and quantify the impact from overlapping policies on the ETS and adjust the supply of EUA allowances accordingly. [Art. 8, Gov. Regulation and Art. 10.5, ETS Directive.]

Statkraft welcomes that energy efficiency and renewable (RES) targets are set at EU level. National plans should not indirectly result in national RES and energy efficiency targets for the sectors covered by the EU ETS as this risk undermining the functioning of the carbon and electricity markets. Especially, the national contributions to the EU wide 27% target for renewable energy should better account for national circumstances and the envisaged flexibility and cost-effectiveness from an EU perspective. Statkraft believes that Member States should be allowed to plan for their individual contributions to the EU targets through a more flexible Governance structure. [Art. 4, 27, Annex I, Gov. Directive.]

Vi står til disposisjon hvis det ønskes ytterligere utdyping av våre synspunkter.

Med vennlig hilsen,
for Statkraft AS

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Statkraft AS